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Innovation

Message from the CTO

Larry Meixner Senior Vice President Chief Technology Officer

# Enabling a prosperous new era for the Mitsubishi Chemical Group through market-focused innovation

### Maximizing the velocity of market-focused R&D

The MCG Group has reached a turning point in our ambitious transformation into a focused, world-leading provider of specialty materials and solutions. We are pivoting our innovation and R&D efforts in several important ways to achieve this vision.

First, we are adapting our innovation framework to emphasize a market-oriented approach centered on the key markets in our "Forging the future" corporate strategy. Authority for late-stage R&D is now delegated to the relevant business groups in a less centralized model. At the same time, we are developing long-term, integrated innovation strategies that leverage internal R&D resources and global open innovation partners to create a robust pipeline of new business opportunities. Underlying these market-facing R&D efforts are our technology platforms, which reflect long-term core competencies enabling business growth across multiple markets.

However, the portfolio "content" of our innovation pipeline is only part of the equation. Maximizing the "velocity" through that pipeline is equally important. As we shift to a market-driven approach, the seamless sharing of information and collaboration from early-stage research to late-stage development becomes even more essential. We are accelerating the creation of data infrastructure to make our R&D more interconnected and efficient. And we are deploying advanced modeling, simulation, and automation to speed up our acquisition of new knowledge. Innovation in specialty materials requires a departure from our historical R&D mindset. In contrast to commodity products, in which development is mostly incremental, we must shift our emphasis toward creating entirely new value propositions. This requires a willingness to try new things and rapidly learn from failure. It also implies an increased use of open innovation with a global network of partners. In addition to our core areas of chemical science, we will strengthen our strategic position in emerging technologies that may transform our entire industry, most notably in biology and information science.

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### Expanding our innovation capabilities

Innovation also plays a crucial role in fulfilling our commitment to "KAITEKI." Sustainability issues are fundamentally global, highlighting the need to leverage resources beyond our current Japan-centric system of research bases. We are actively seeking to bring more international talent into our laboratories in Japan, and we are considering approaches to establish our innovation presence overseas in specific locations where world-class talent is clustered.

The first word in our new corporate slogan is "Science." This reflects the reality that no element is more important to the successful transformation of our company than innovation. I am deeply committed to expanding our innovation capabilities to enable a prosperous new era for the MCG Group.